

Message Text

LIMITED OFFICIAL USE

PAGE 01 MOSCOW 13223 201728Z

13
ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 EB-07 /027 W
----- 067163

R 201446Z AUG 76
FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 7788
INFO USDOC WASHDC
AMEMBASSY HELSINKI
AMEMBASSY TOKYO

LIMITED OFFICIAL USE MOSCOW 13223

USDOC FOR BEWT

E.O. 11652: N/A
TAGS: EQEWT, ENRG, UR
SUBJECT: U.S. FIRM RUCKER WINS SOVIET APPROVAL TO SUPPLY
OFFSHORE OIL DRILLING EQUIPMENT

REF: (A) 75 MOSCOW 2295, (B) MOSCOW 5842

1. KENNETH MAIN, SENIOR VICE PRESIDENT FOR RUCKER COMPANY
(OAKLAND CALIFORNIA), INFORMED COMATT AUGUST 19 THAT RUCKER
HAD JUST WON SOVIET APPROVAL TO PROVIDE UNDERSEA OIL DRILLING
EQUIPMENT VALUED AT DOLLARS THREE MILLION FOR INSTALLATION ON DOLLARS
40 MILLION ARMCO FLOATING OFFSHORE RIG WHICH WILL BE CONSTRUCTED IN
FINLAND UNDER CONTRACT SIGNED LAST MONTH IN MOSCOW. ACCORDING
TO MAIN, RUCKER WON OUT OVER SEVERAL COMPETITORS ONE OF WHOM ENJOYED
ARMCO BACKING, FOR RIGHT TO EQUIP RIG WITH UNDERWATER DRILLING
GEAR, BLOW-BACK PREVENTERS, ETC., DESPITE FACT THAT FIRM'S PRICE WAS
NEARLY \$250,000 ABOVE THAT OF NEAREST BIDDER. AS RUCKER WILL BE
SUBCONTRACTOR TO ARMCO, VALUE OF ARMCO'S CONTRACT WITH SOVIETS
WILL BE INCREASED TO COVER THIS AMOUNT. MAIN ATTRIBUTED SUCCESS TO
FACT THAT SOVIETS -- WHOSE OWN DRILLING TECHNOLOGY, AT LEAST
AT RESEARCH PROTOTYPE LEVEL, HE CONSIDERED AMONG BEST IN WORLD -- WAN
T

RELIABLE AND HIGH PERFORMANCE ON ARMCO RIG, WHICH IS TO BE COMPLETED
AND FLOATED DOWN TO CASPIAN FROM FINLAND ALONG FINLAND WATERWAY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MOSCOW 13223 201728Z

2. MAIN SAID THAT HE HAD BEEN TOL AT MINISTRY OF PETROLEUM INDUSTRY THAT TOTAL OF SEVEN RIGS, INCLUDING TWO DRILLING SHIPS AND ARMCO RIG, HAD BEEN APPROVED FOR CONSTRUCTION OR PURCHASE ABROAD FOR EVENTUAL USE IN BOTH EXPLORATORY AND POSSIBLY PRODUCTION PHSES OF OFFSHORE OIL EXTRACTION, EACT AT A PRICE TAG OF BETWEEN DOLLARS 40 MILLION AND 45 MILLION. RUCKER HOPES THAT SUCCESSFUL INSTALLATION ON ARMCO RIG WILL RESULT IN ITS EQUIPMENT BEING SELECTED FOR REMAININ G

SIX UNITS FOR FUTURE RUCKER SALES TOTALING AROUND DOLLARS 18 MILLION. MAIN ESTIMATED THAT OF TOTAL COST TO SOVIETS FOR EACHR GI, DOLLARS 20 - 25 MILLION OF EQUIPMENT CONTRACTS WOULD ACCRUE TO U.S. SUPPLIERS, INCLUDING RUCKER, FOR OVERALL U.S. SALES OF AROUND DOLLARS 140 - 150 MILLION OVER TWO-TO-THREE YEAR PERIOD.

3. MAIN UNDERSTOOD FROM HIS SOVIET CONTACT THAT TWO OF THE NEW UNITS (PROBABLY THE TWO DRILLING SHIPS WITH SPECIALLY REINFORCED HULLS) WOULD BE UTILIZED FOR OFFSHORE DRILLING IN ARTIC REGIONS, BUT NEXT RIG WOULD BE DESTINED FOR EXPLORATION OFF SAKHALIN.

4. COMMENT: SOVIETS APPEAR TO BE INCREASINGLY INCLINED TO PURCHASE AMERICAN OIL DRILLING EQUIPMENT DUE TO PREEMINENT QUALITY OF AMERICAN PRODUCTS. WE UNDERSTAND TOO, THAT BECAUSE OF ITS HARD-CURRENCY EARNINGS FROM SALES OF CRUDE OIL AND PETROLEUM PRODUCTS IN WEST, USSR MINISTRY OF PETROLEUM INDUSTRY IS USUALLY ABLE TO BRUSH ASIDE ANY PRICE CONSIDERATIONS RAISED BY MINISTRY OF FOREIGN TRADE AND ITS FOREIGN TRADE ORGANIZATIONS AND CHOOSE EQUIPMENT THEY CONSIDER BEST.
STOESSEL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: OFFSHORE DRILLING, OILS, EQUIPMENT, BUSINESS FIRMS, SUPPLY SERVICES, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MOSCOW13223
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760320-0874
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760834/aaaabdhs.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 MOSCOW 2295, 76 MOSCOW 5842
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2004 by CollinP0>; APPROVED <19 APR 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: U.S. FIRM RUCKER WINS SOVIET APPROVAL TO SUPPLY OFFSHORE OIL DRILLING EQUIPMENT
TAGS: EQIP, ENRG, UR, US, RUCKER COMPANY
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006